

DnB NOR Group

- 1st quarter 2010 results



Rune Bjerke, group chief executive
Bjørn Erik Næss, chief financial officer

1st quarter 2010

**Sound pre-tax operating profit before write-downs:
NOK 4.9 billion (6.1)**

Continued positive cost trend

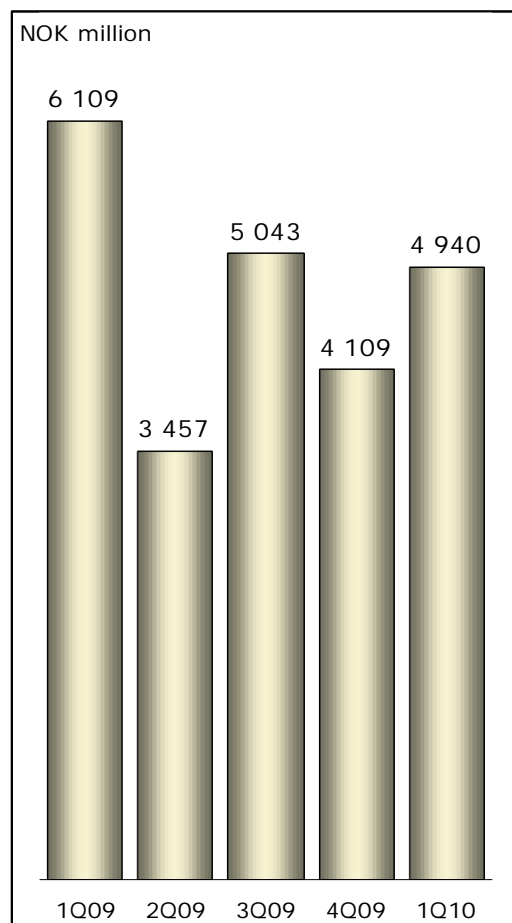
**Lower than expected write-downs on loans:
NOK 0.9 billion (1.6)**

**Profit to DnB NOR's shareholders:
NOK 3.1 billion (3.1)**

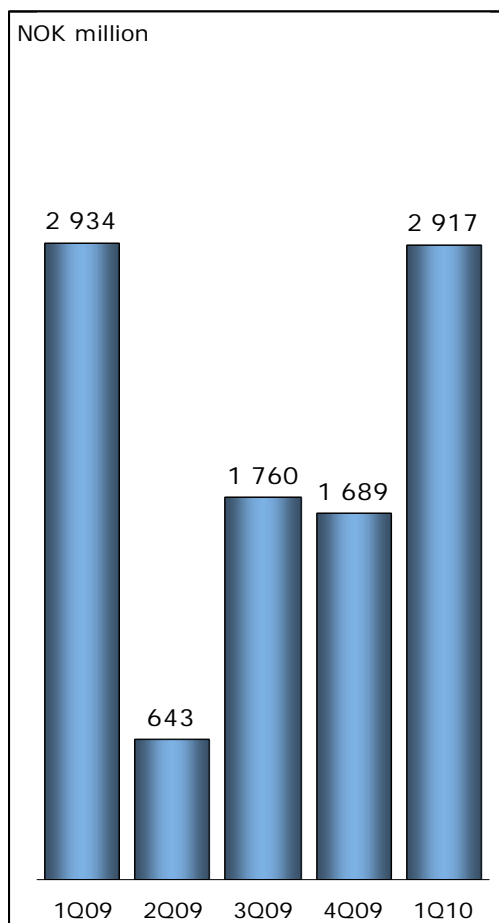
**Return on equity:
12.5 per cent (15.8)**

Profit for the 1st quarter

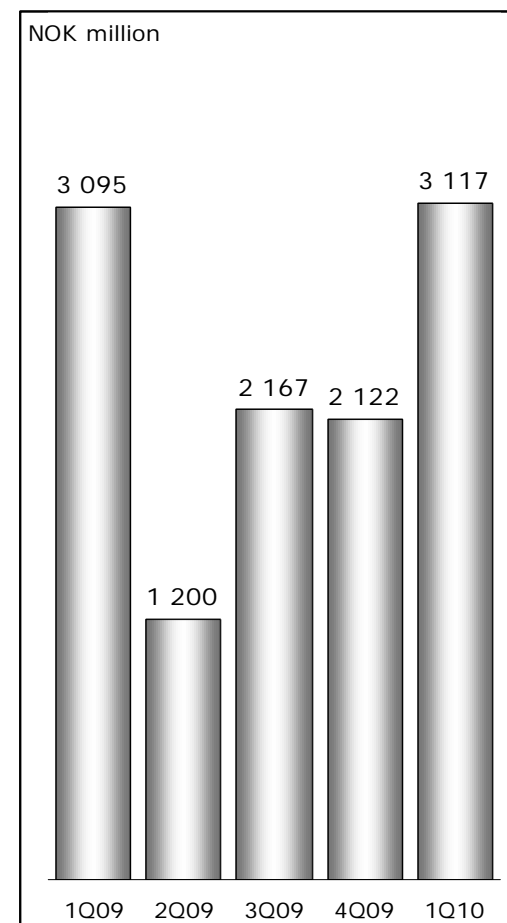
**Pre-tax operating profit
before write-downs**



Profit for the period

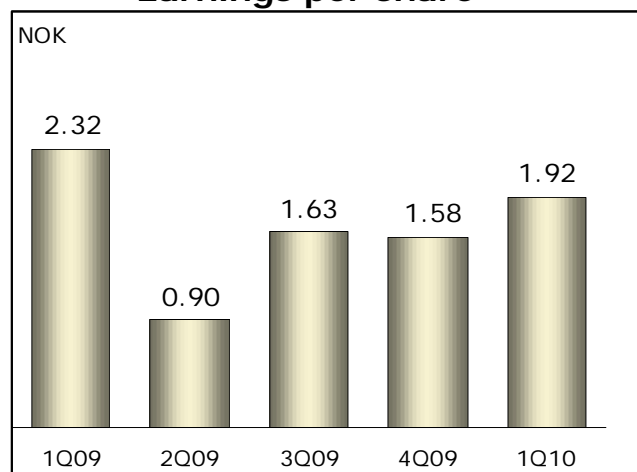


**Profit for the period after
minority interests**

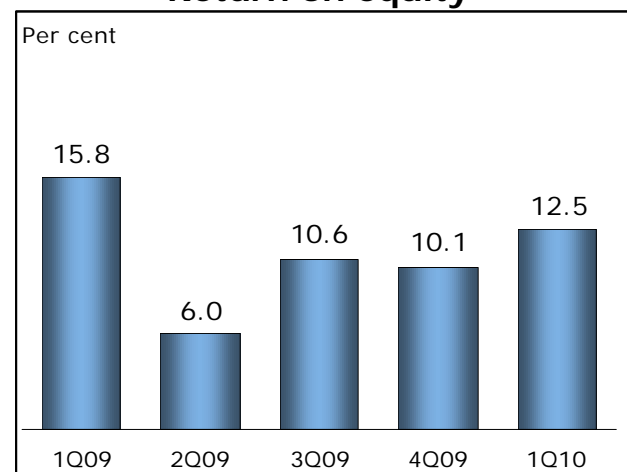


Key figures

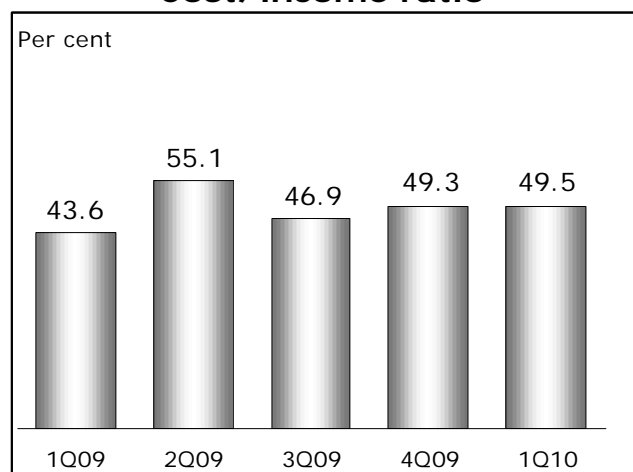
Earnings per share



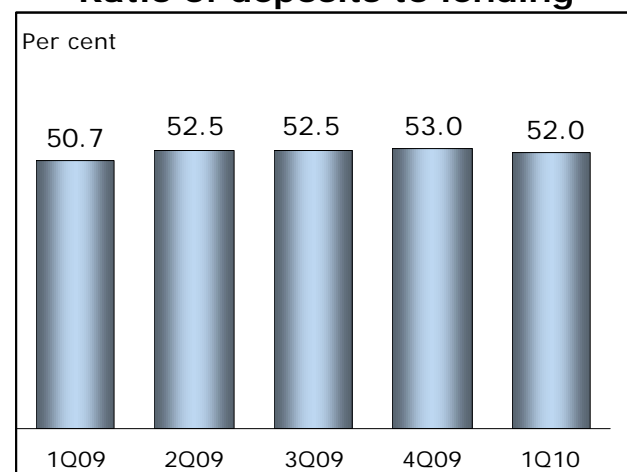
Return on equity



Cost/income ratio



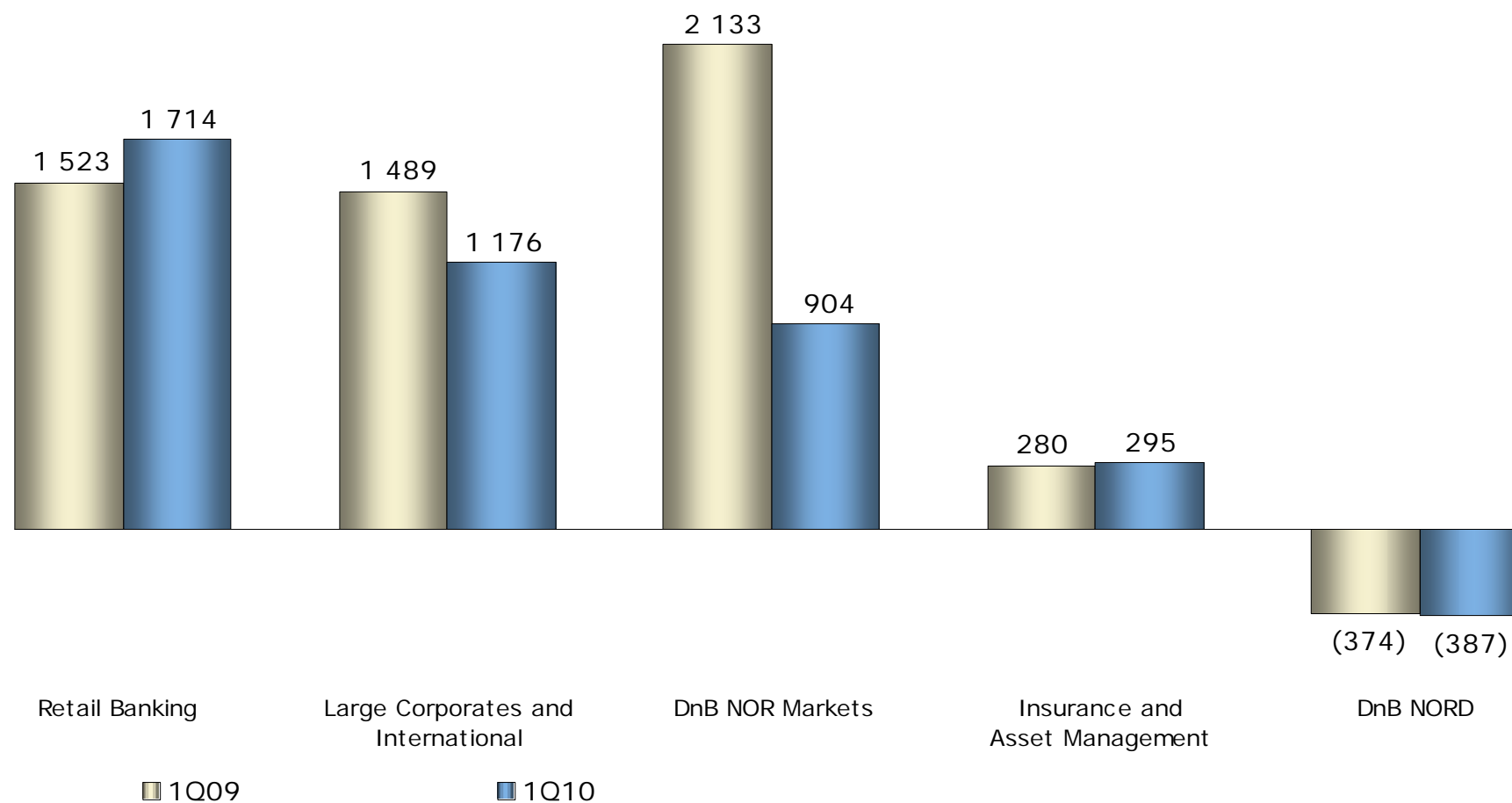
Ratio of deposits to lending



Business areas

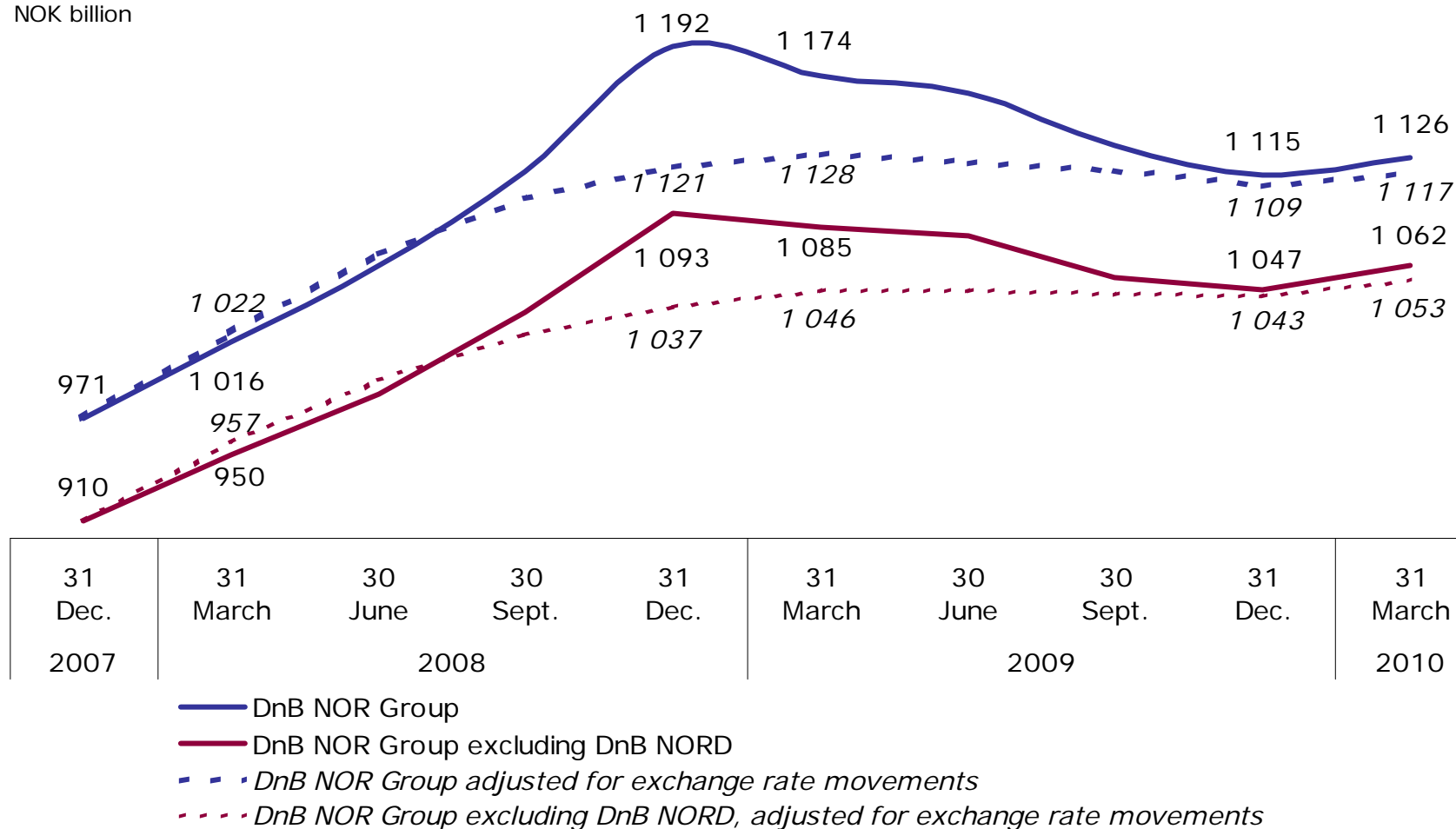
NOK million

Pre-tax operating profit after write-downs in the first quarter



Development in lending volumes ¹⁾

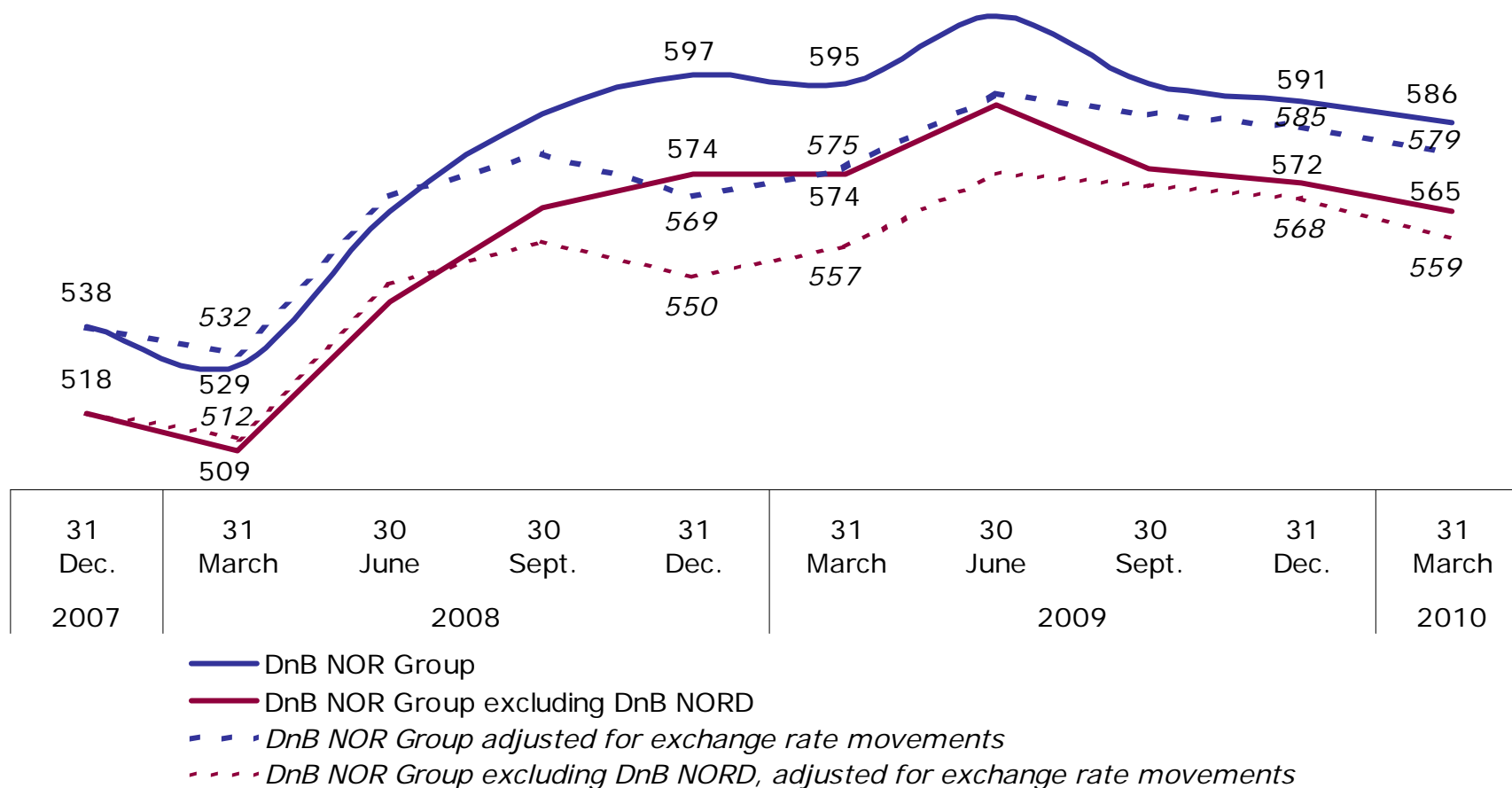
NOK billion



1) Figures at end of period

Development in deposits ¹⁾

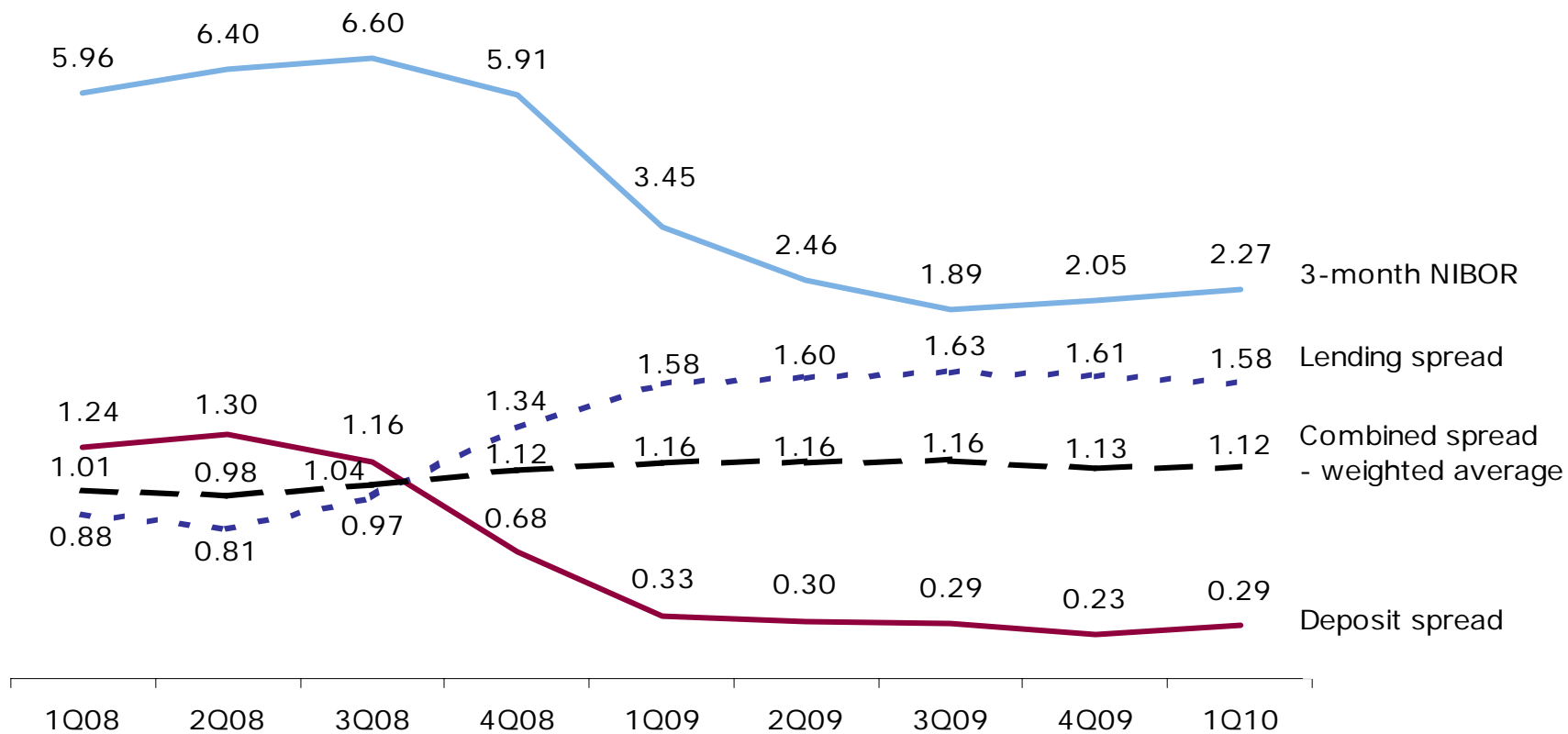
NOK billion



1) Figures at end of period

Development in average interest rate spreads – Group ¹⁾

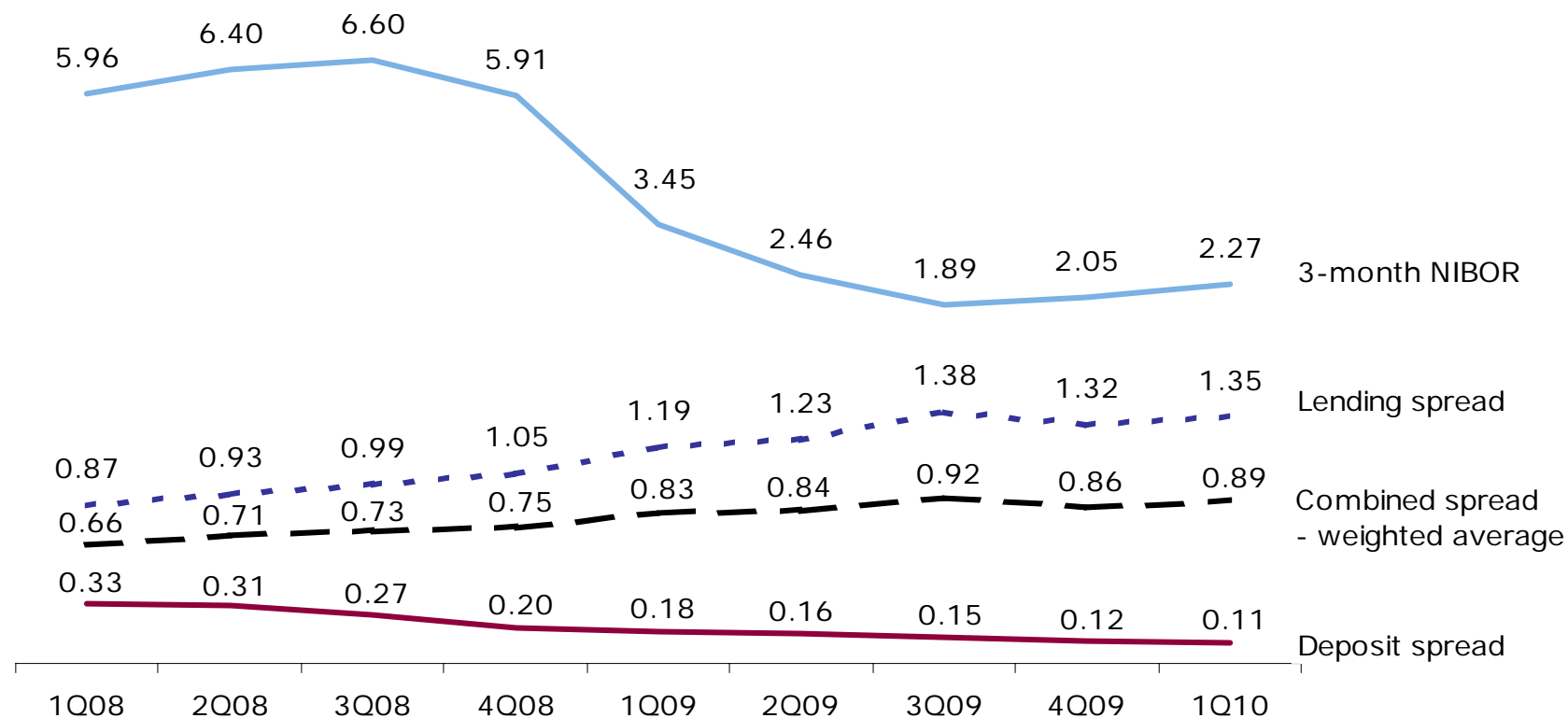
Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

Development in average interest rate spreads – Large Corporates and International ¹⁾

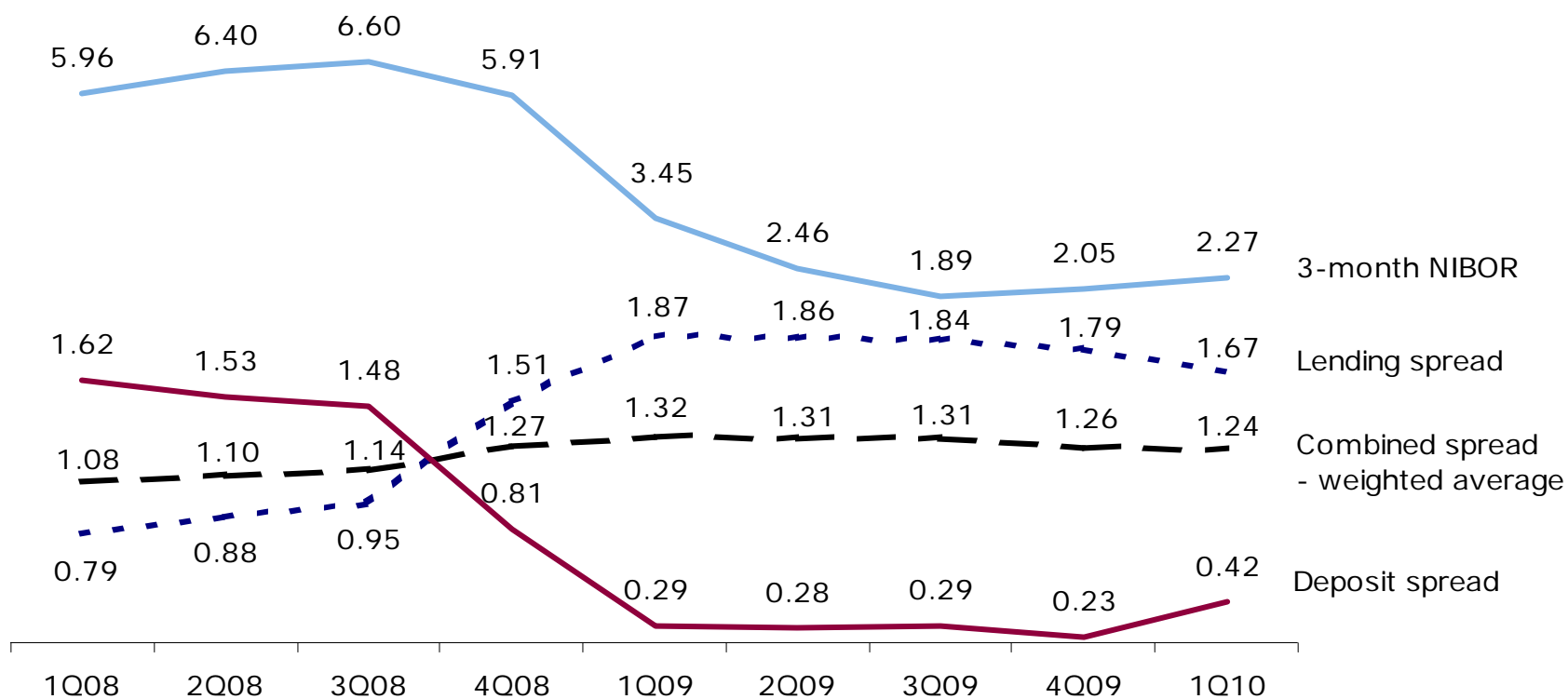
Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

Development in average interest rate spreads – Retail Banking ¹⁾

Per cent



1) Excluding impaired loans

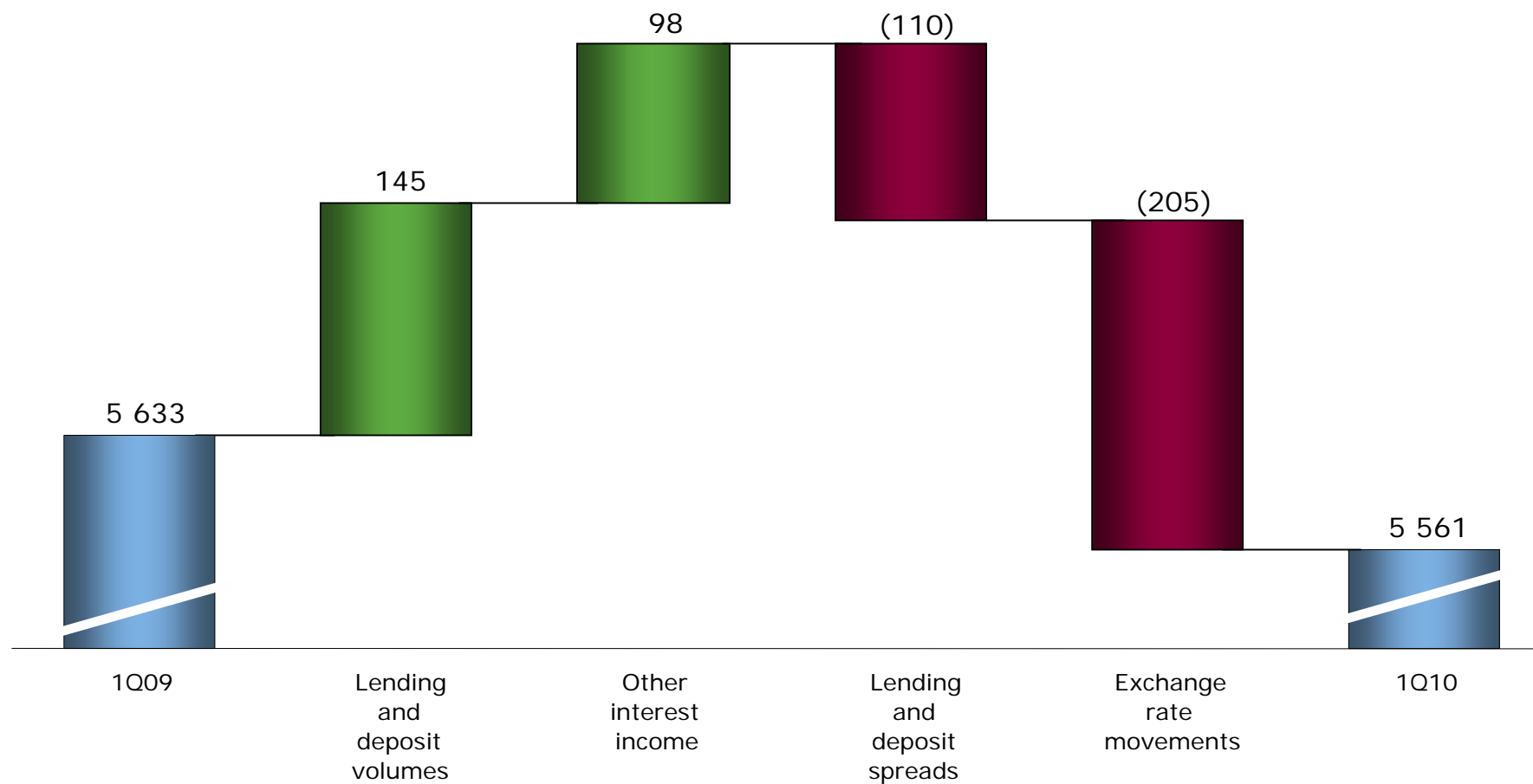
Income statement

						Full year	Full year
Amounts in NOK million	1Q10	4Q09	3Q09	2Q09	1Q09	2009	2008
Net interest income	5 561	5 606	5 740	5 654	5 633	22 633	21 910
Net other operating income	3 493	3 160	3 951	2 694	5 190	14 994	12 438
Total income	9 054	8 766	9 691	8 347	10 823	37 627	34 347
Operating expenses excluding impairment losses for goodwill	4 115	4 319	4 548	4 600	4 714	18 180	17 662
Impairment losses for goodwill	0	338	100	291	0	730	1 058
Pre-tax operating profit before write-downs	4 940	4 109	5 043	3 457	6 109	18 717	15 627
Net gains on fixed and intangible assets	10	19	(4)	7	4	26	52
Write-downs on loans and guarantees	947	1 517	2 277	2 318	1 598	7 710	3 509
Pre-tax operating profit	4 002	2 610	2 762	1 146	4 514	11 032	12 170
Taxes	1 081	1 001	1 002	503	1 580	4 086	3 252
Profit from operations held for sale	(4)	80	0	0	0	80	0
Profit for the period	2 917	1 689	1 760	643	2 934	7 026	8 918
Profit after minority interests	3 117	2 122	2 167	1 200	3 095	8 585	9 211

Changes in net interest income

NOK million

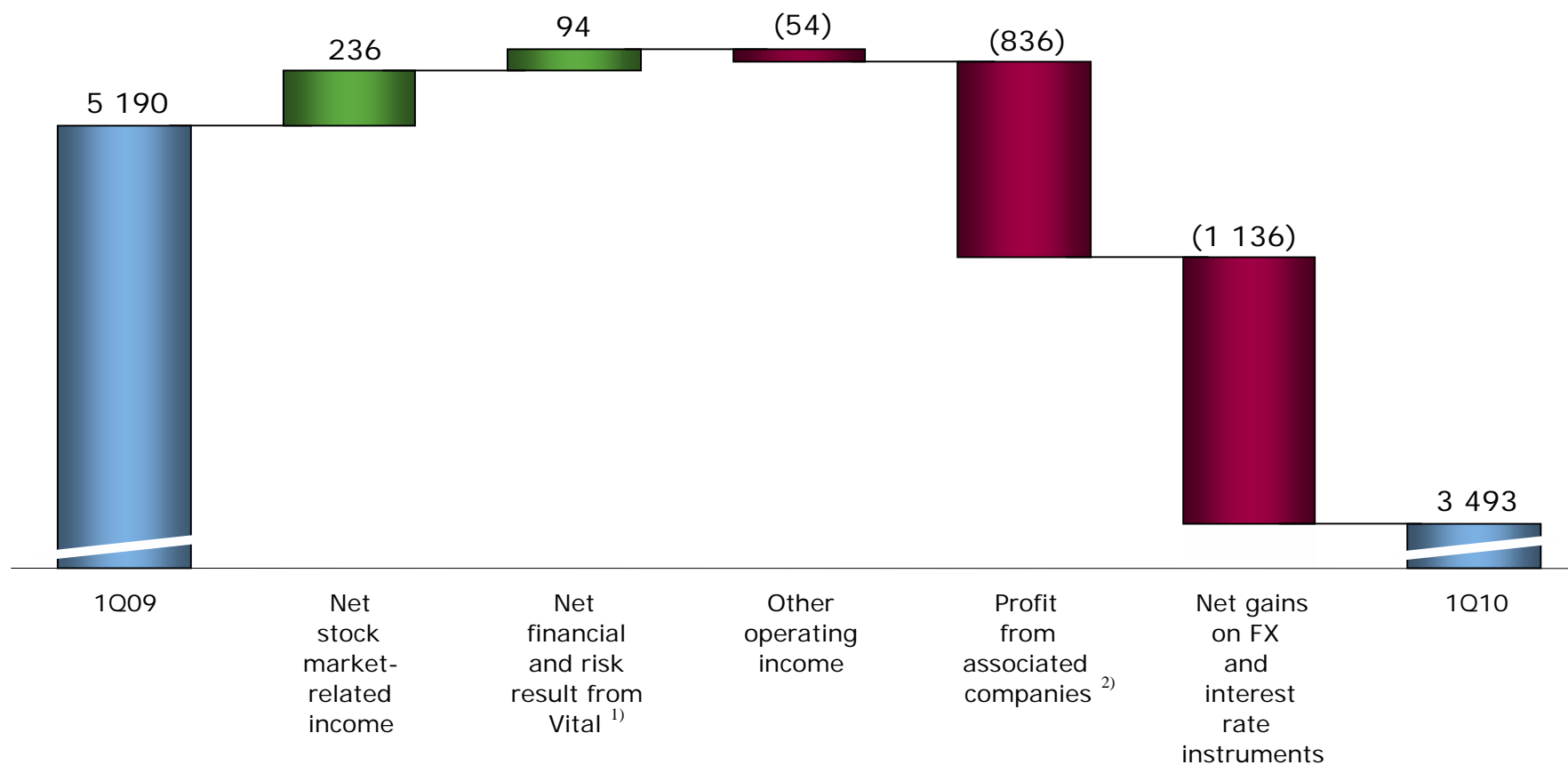
From 1st quarter 2009 to 1st quarter 2010



Changes in net other operating income

NOK million

From 1st quarter 2009 to 1st quarter 2010



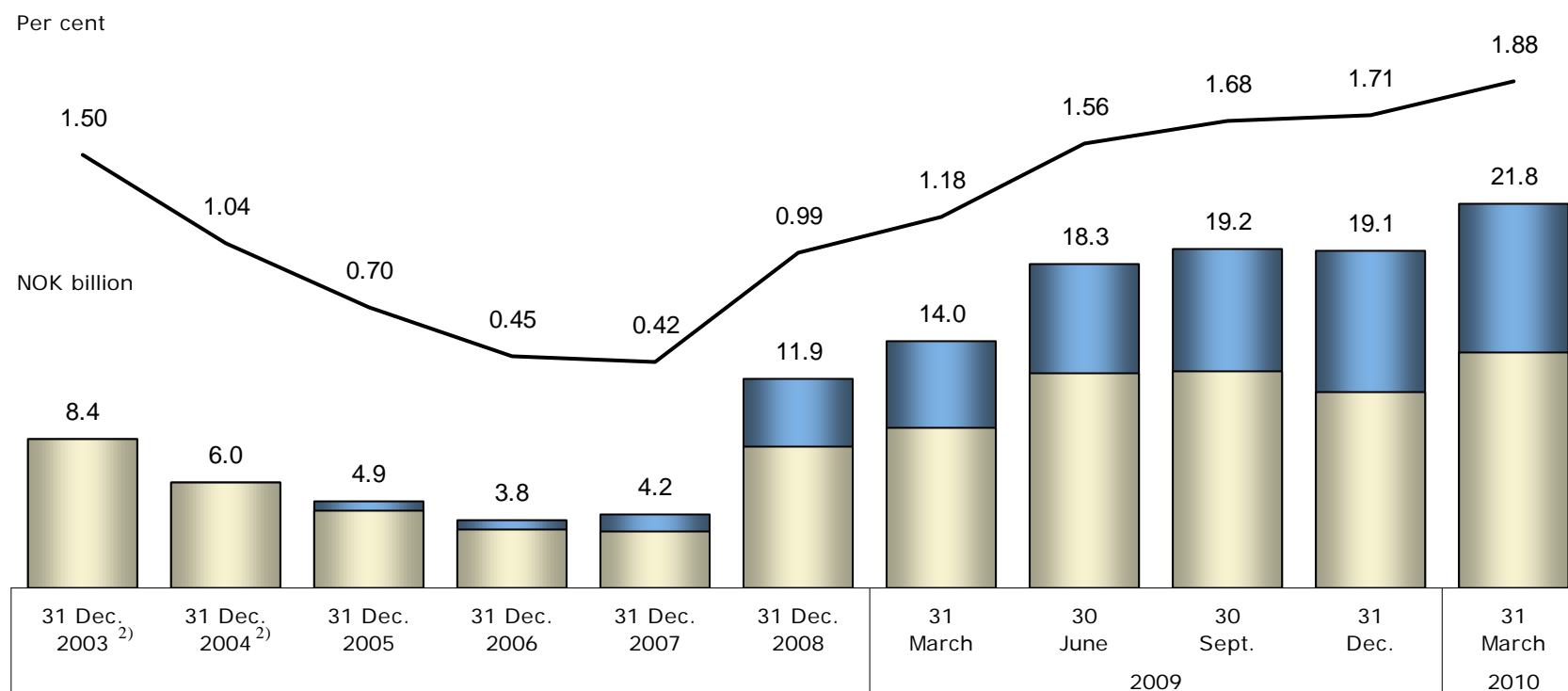
1) After guaranteed returns and allocations to policyholders

2) Wider credit margins caused sizeable unrealised gains on funding in Eksportfinans in the first quarter of 2009

Changes in operating expenses

Amounts in NOK million	1Q10	Changes	1Q09
Total operating expenses	4 115	(600)	4 714
Reversal of contractual early retirement pension obligations	(367)	(367)	0
Total ordinary operating expenses	4 482	(233)	4 714
Cost programme		(146)	
Restructuring expenses, cost programme		6	
Performance-based pay		(143)	
Pension expenses		(32)	
Wage and price inflation		144	
Operational leasing		45	
Other operating expenses, including lower activity levels		(106)	

Net non-performing and net doubtful commitments ¹⁾



1) Comprises all non-performing commitments and commitments classified as doubtful. Accumulated individual write-downs are deducted.

2) Pro forma figures prior to 2005

■ DnB NORD
 ■ DnB NOR Group excl. DnB NORD
 — As a percentage of net lending

Write-downs on loans and guarantees

Amounts in NOK million	1Q10	4Q09	3Q09	2Q09	1Q09	Full year 2009	Full year 2008
<i>Individual write-downs:</i>							
Retail Banking							
- Private individuals	55	109	44	99	152	405	414
- Small and medium-sized enterprises	62	61	313	57	202	633	489
- DnB NOR Finans	71	158	91	105	102	456	330
- Nordlandsbanken	19	16	28	31	20	94	34
Large Corporates and International							
- Nordic and International Corporates	58	133	28	196	244	601	160
- Shipping, Offshore and Logistics	161	55	243	201	(23)	476	(1)
- Special and Structured Finance	(6)	2	0	0	0	2	0
- Northern Europe	33	0	9	15	24	48	57
- Other units	2	0	0	5	0	5	18
DnB NOR excl. DnB NORD	456	534	756	709	721	2 719	1 501
DnB NORD ¹⁾	881	768	948	1 143	487	3 346	1 178
Total individual write-downs	1 337	1 301	1 704	1 852	1 208	6 065	2 679
<i>Collective write-downs:</i>							
DnB NOR excl. DnB NORD	(65)	139	480	156	286	1 062	620
DnB NORD ¹⁾	(325)	77	92	310	104	583	210
Total collective write-downs on loans	(390)	216	572	466	390	1 645	830
Write-downs on loans and guarantees ^{*)}	947	1 517	2 277	2 318	1 598	7 710	3 509
*) Of which Norwegian units							
	152	413	1 080	602	931	3 038	1 760

1) NOK 284 million was reclassified from collective write-downs to individual write-downs in the first quarter of 2010

Write-downs in per cent of lending

Per cent	1Q10	4Q09	3Q09	2Q09	Full year 1Q09	Full year 2009	Full year 2008
Total write-downs in relation to average volumes (annual basis)	0.34	0.53	0.78	0.80	0.55	0.67	0.33
Of which:							
- DnB NOR excluding DnB NORD	0.15	0.25	0.46	0.32	0.38	0.35	0.21
- DnB NORD	3.43	4.40	5.03	6.76	2.64	4.69	1.85

Lending and write-downs in DnB NORD

Amounts in NOK million	Net lending as at 31 March 2010	1st quarter 2010		Full year 2009	
		Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾	Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾
Latvia	17 869	166	3.70	1 603	7.39
Lithuania	23 221	202	3.37	1 728	5.99
Estonia	3 095	8	1.03	58	1.71
The Baltic States - total	44 185	376	3.34	3 389	6.29
Poland	12 428	(5)	(0.17)	249	2.25
Other	7 757	185	8.33	291	1.55
DnB NORD total	64 370	556	3.43	3 929	4.69

1) Individual and collective write-downs, relative to average volumes (annual basis)

Balance sheets

	DnB NOR Group			DnB NOR Bank ASA		
	31 March 2010	31 Dec. 2009	31 March 2009	31 March 2010	31 Dec. 2009	31 March 2009
Amounts in NOK billion						
Net lending to customers ¹⁾	1 126	1 115	1 174	625	627	777
Other assets	716	709	636	836	845	678
Total assets	1 842	1 823	1 809	1 461	1 472	1 455
Deposits from customers ²⁾	586	591	595	573	581	571
Short-term debt securities issued	176	168	187	176	168	187
Long-term debt securities issued	323	326	362	209	230	270
Other liabilities and provisions	653	638	582	428	420	356
Equity	104	101	83	75	72	72
Total liabilities and equity	1 842	1 823	1 809	1 461	1 472	1 455
Ratio of deposits to net lending (%) ³⁾	52.0	53.0	50.7	91.7	92.7	73.5
Total combined assets	2 103	2 076	2 092	1 461	1 472	1 455
1) Currency-adjusted lending	1 162	1 153		651	657	
2) Currency-adjusted deposits	599	605		584	594	
3) The ratio of deposits to lending in DnB NOR Bank ASA must be seen in association with the transfer of loans to DnB NOR Boligkreditt						

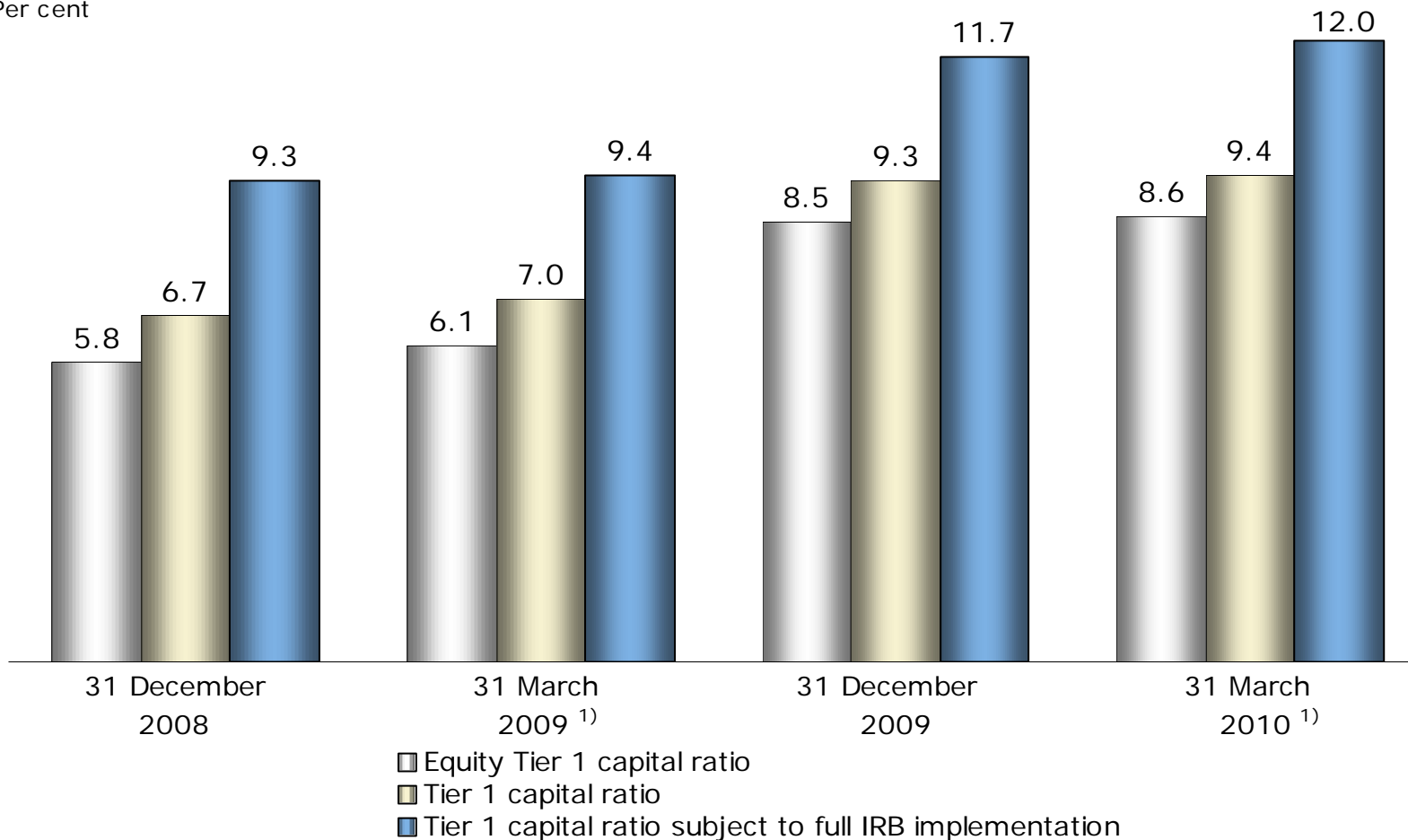
Stable access to long-term funding

- longer maturities at competitive prices

2010		NOK billion	Maturity	Spread (3-month Euribor)
	Covered bonds	41.1	6.7	
	Senior bonds	12.1	5.7	
	Total	53.2	6.5	49bp
2009		NOK billion	Maturity	Spread
	Covered bonds	10.7	12.1	
	Covered bonds, Norges Bank (central bank)	90.3	4.2	
	Senior bonds	39.0	4.6	
	Total	139.1	4.9	50bp
2008		NOK billion	Maturity	Spread
	Covered bonds	57.5	5.9	
	Covered bonds, Norges Bank (central bank)	29.1	2.8	
	Senior bonds	100.5	3.7	
	Total	187.2	4.3	48bp

Tier 1 capital ratio

Per cent



1) Including 50 per cent of profit for the period

Macroeconomic outlook 2010

**Growth in world economy stronger than expected,
but still subject to considerable uncertainty**

**Geographical variations in rate of recovery
- EU countries lagging behind**

**High debt and high unemployment in some EU countries may delay an
economic recovery**

**The Norwegian economy is far more robust than most other
European economies**

**Developments in the Norwegian labour and housing markets may indicate
growth - credit demand lagging behind**

Outlook for DnB NOR

Renewed global economic growth will increase general activity levels in the second half of 2010

Other operating income back to a normalised level

Cost developments are on track, and the targets in the cost programme remain unchanged

Developments in the first quarter confirm expectations of somewhat lower write-downs in 2010

DnB NOR's previously communicated target figures remain unchanged

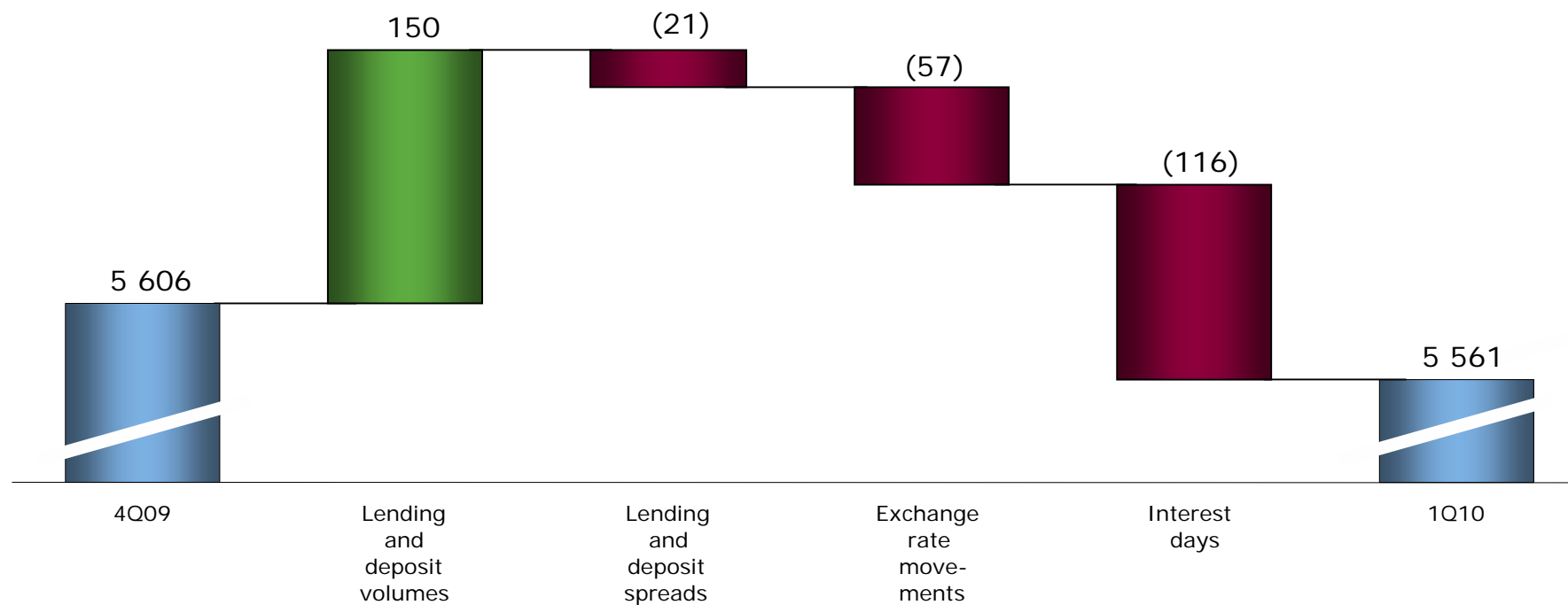


Appendix

Changes in net interest income

NOK million

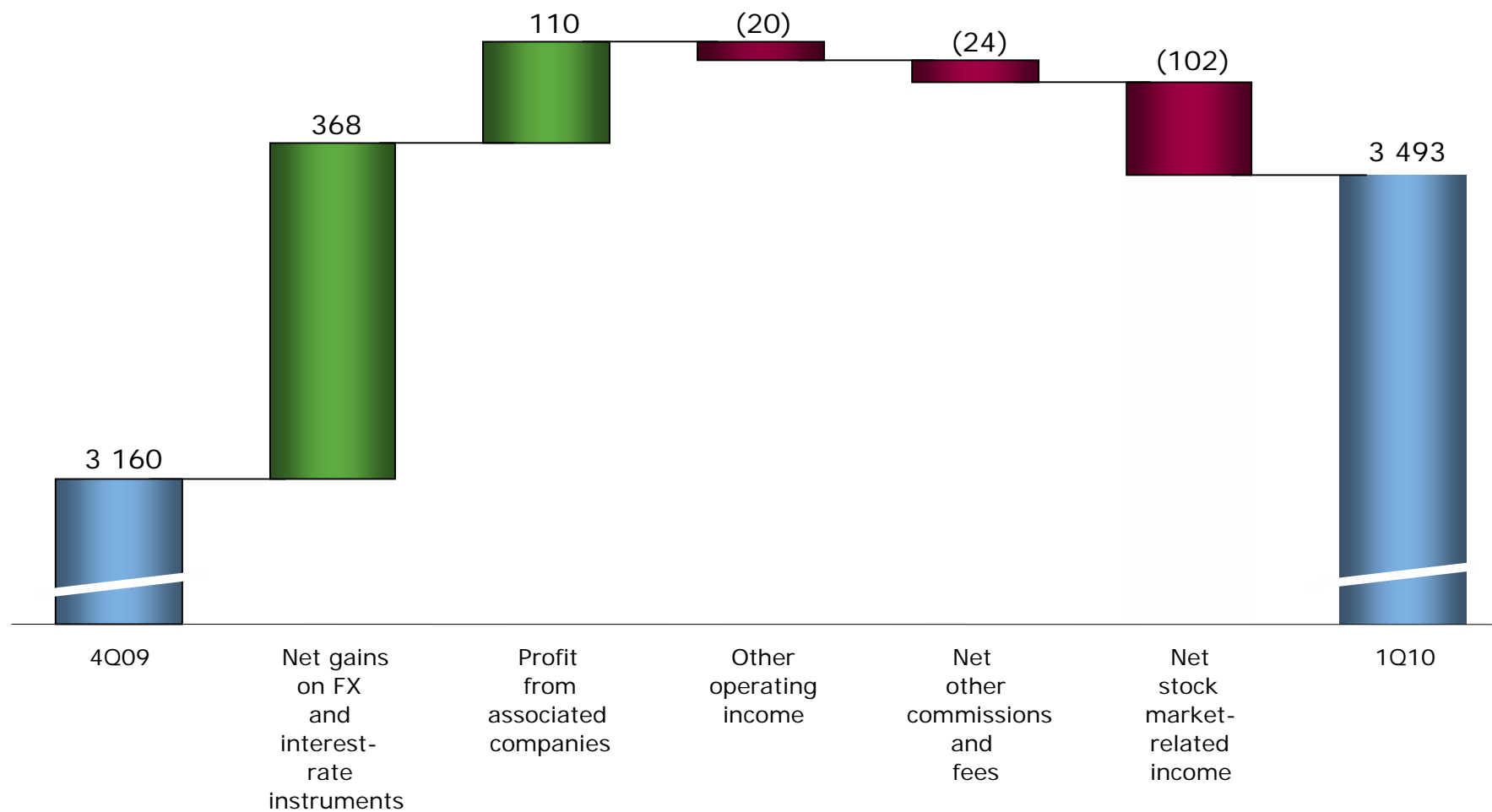
From 4th quarter 2009 to 1st quarter 2010



Changes in net other operating income

NOK million

From 4th quarter 2009 to 1st quarter 2010

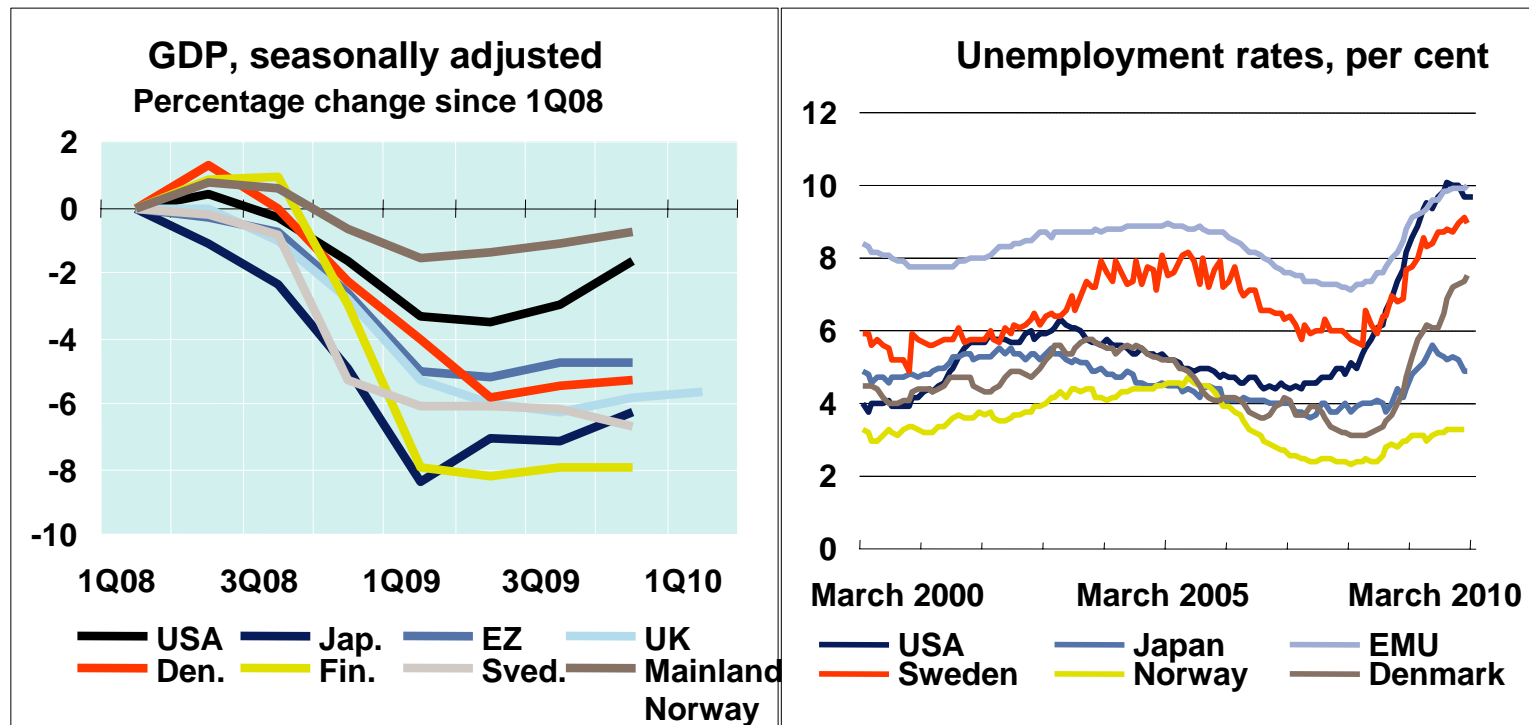


Changes in operating expenses

Amounts in NOK million	1Q10	Changes	4Q09
Total operating expenses	4 115	(542)	4 657
Impairment losses for goodwill	0	(338)	338
Reversal of contractual early retirement pension obligations	(367)	(367)	0
Total ordinary operating expenses	4 482	163	4 319
Cost programme		(57)	
Restructuring expenses, cost programme		(66)	
Performance-based pay		(96)	
IT expenses		286	
Marketing expenses etc.		73	
Other operating expenses		23	

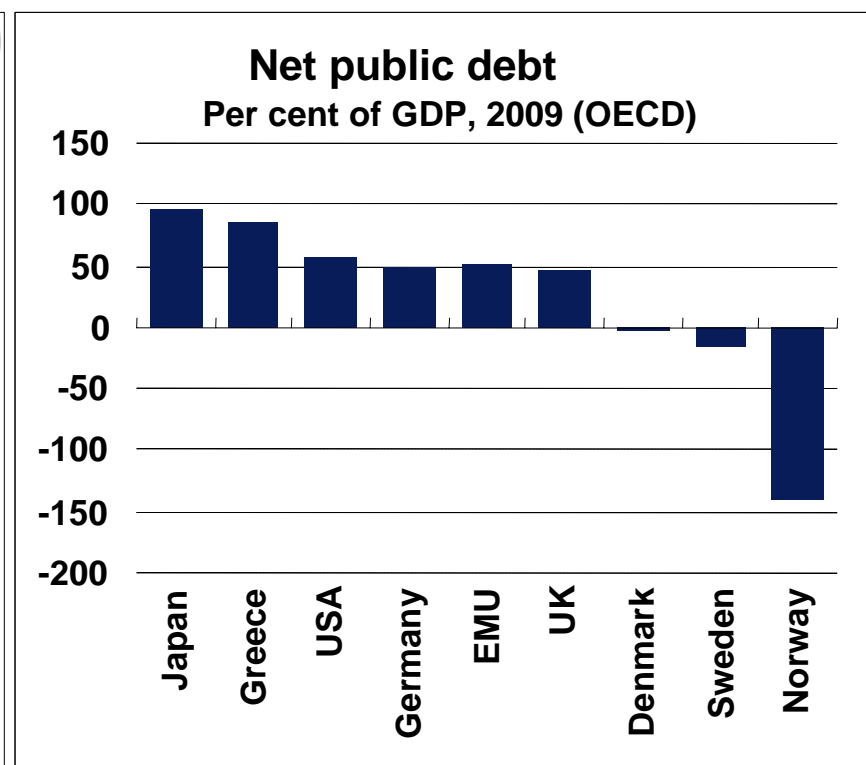
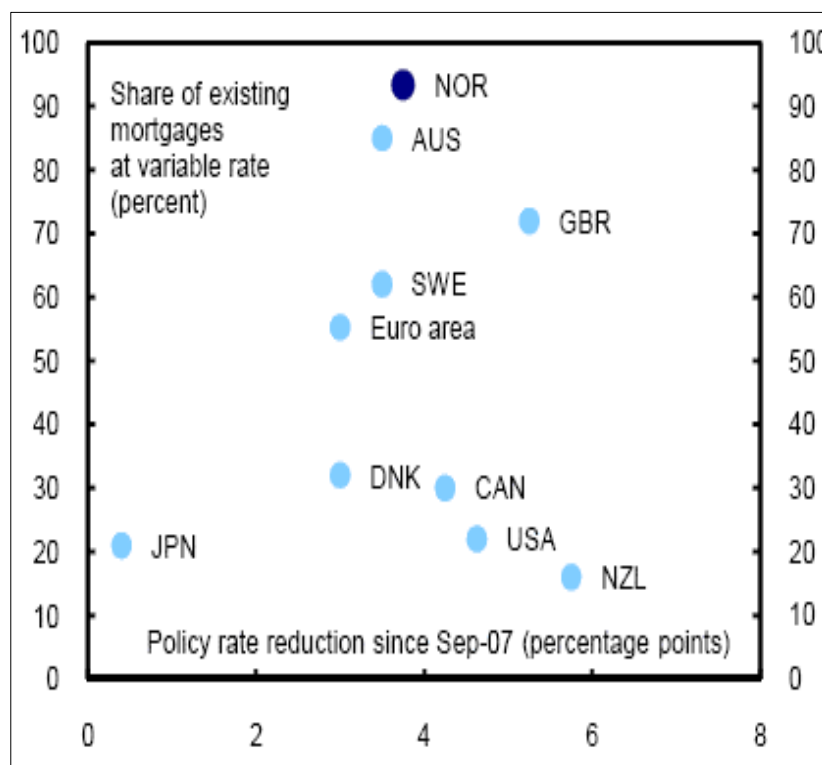
Unequal impact of the crisis

- Strongest recession in industrialised countries since the Second World War
- Downturn in business activity halted, but recovery is weak
- Norway least affected of all industrialised countries



Norway in a unique position

- Due to the high share of mortgages with variable interest rates, interest rate adjustments have a greater impact
- Strong Norwegian government finances give greater fiscal policy latitude



Source: IMF's Article IV report

Signs of stabilisation in the Baltic States

- More stable business activity in the Baltic States, but Latvia remains weak
- Proactive fiscal policy initiatives have entailed lower risk premiums

